

REPORT

To the Honorable Mayor and City Council
From the City Manager

March 12, 2014

Subject

Monthly Investment Report for Period Ending February 28, 2014.

Background

The attached investment report indicates that on February 28, 2014 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$160,872,226.22 were invested producing an average yield of 0.541%. The target Fed Funds rate for February is 0.25%. The report represents all securities in which City funds, including all trust funds and agency funds are invested (excluding deferred compensation plans) and all of these investments are in compliance with the City policy.

Securities purchased in the month of February:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Farm Credit Bank	10/29/2012	\$ 3,000,000.00	0.479%	02/03/2014
Federal Farm Credit Bank	10/29/2012	\$ 3,000,000.00	0.479%	02/03/2014
Federal Home Loan Mortgage Corp	02/13/2012	\$ 3,000,000.00	1.050%	02/13/2015
Federal National Mortgage Assoc.	08/19/2013	\$ 3,000,000.00	1.050%	02/19/2016
Federal National Mortgage Assoc.	08/19/2013	\$ 3,000,000.00	1.050%	08/19/2016
Federal Farm Credit Bank	10/01/2012	\$ 3,000,000.00	1.050%	02/19/2016

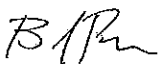
Securities matured, called, or sold in the month of February:

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	02/13/2014	\$ 3,000,000.00	1.000%
Federal Home Loan Bank	02/14/2014	\$ 3,000,000.00	1.050%

The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments, not more than 50% of idle funds be invested for more than one year, and not more than 25% of idle funds be invested for more than two years. Based on the City's current investments:

Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 80,388,613.11	\$ 148,909,403.22
With maturity greater than one year (max)	\$ 80,388,613.11	\$ 48,031,140.00
With maturity greater than two year (max)	\$ 40,194,306.56	\$ 36,025,980.00

As of February the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



Brian J. Ponty
Director of Finance/ Treasurer



Antonia Saldou
Accounting Technician

c: Robert Bell, City Manager
Audrey Ramberg, Assistant City Manager

I N V E S T M E N T P O R T F O L I O
28 FEB 2014

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE

US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Fed Farm Credit	11-15-12	3,000,000.00	03-04-14	0.440	3,000,000.00	1.865	3,000,030.00	0.00	
Federal National Mortgage Assoc.	09-06-13	1,300,000.00	03-06-14	1.000	1,300,000.00	0.808	1,300,078.00	0.00	
Federal National Mortgage Assoc.	09-12-13	1,700,000.00	03-12-14	1.000	1,700,000.00	1.057	1,700,289.00	0.00	03-12-14
Federal National Mortgage Assoc.	(1) 11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	1.865	3,004,980.00	0.39	
Fed Farm Credit	(1) 12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	1.865	3,000,060.00	0.39	
Fed Farm Credit	(1) 02-11-13	3,000,000.00	02-11-16	0.490	3,000,000.00	1.865	3,000,060.00	0.43	
Fed Farm Credit	(1) 02-22-13	2,999,400.00	02-22-16	0.490	3,000,000.00	1.865	3,000,060.00	0.45	
Federal National Mortgage Assoc.	(1) 05-22-13	3,000,750.00	05-20-16	0.449	3,000,000.00	1.865	2,998,410.00	0.50	
Fed Farm Credit	(1) 06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	1.865	2,999,730.00	0.50	06-06-14
Federal Home Loan Mortgage Corp.	(1) 10-07-13	2,993,220.00	09-14-16	0.728	3,000,000.00	1.865	2,998,080.00	0.56	12-14-13
Federal National Mortgage Assoc.	(1) 10-07-13	3,000,000.00	10-07-16	1.125	3,000,000.00	1.865	3,002,730.00	0.58	04-07-14
Federal Home Loan Bank	(1) 11-14-13	3,000,000.00	11-14-16	0.875	3,000,000.00	1.865	3,011,130.00	0.62	
Federal Home Loan Mortgage Corp.	(1) 12-20-13	3,000,000.00	12-20-16	0.720	3,000,000.00	1.865	2,998,140.00	0.63	03-20-14
Federal Home Loan Mortgage Corp.	(1) 12-27-13	3,000,000.00	12-27-16	0.500	3,000,000.00	1.865	3,001,320.00	0.63	06-27-14
Federal Home Loan Bank	(1) 01-17-14	3,000,000.00	01-17-17	0.875	3,000,000.00	1.865	3,002,670.00	0.65	04-17-14
Federal Home Loan Bank	(1) 01-21-14	3,000,000.00	01-17-17	0.088	3,000,000.00	1.865	3,002,670.00	0.65	04-17-14
Federal Home Loan Bank	(1) 01-30-14	3,000,000.00	01-30-17	1.050	3,000,000.00	1.865	3,003,540.00	0.65	04-30-14
Federal Home Loan Bank	(1) 02-13-14	3,000,000.00	02-13-17	1.000	3,000,000.00	1.865	3,003,420.00	0.67	05-13-14
Federal Home Loan Bank	(1) 02-14-14	3,000,000.00	02-14-17	1.050	3,000,000.00	1.865	3,004,140.00	0.67	05-14-14
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Total Securities		53,992,782.00		0.683	54,000,000.00	33.567	54,031,537.00	8.99	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-13	95,000.00	03-03-14	0.350	95,000.00	0.059		0.00	
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Total Certificate of Deposits				0.350	95,000.00	0.059		0.00	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.236	43,541,536.50	27.066		0.27	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.630	63,235,689.72	39.308		0.39	
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Total Liquid Accounts				0.469	106,777,226.22	66.374		0.66	
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I N V E S T M E N T P O R T F O L I O
28 FEB 2014

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
SUB-TOTAL				(average weighted yield)	0.541	160,872,226.22	100.00	9.65	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.671			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	0.400	1,543,000.04	9.506			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	0.30				
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	29.51				
2006 WATER REVENUE BONDS-FFCB			06-19-17	0.625	1,500,000.00	9.241			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	73,906.25	0.455			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				5.451	950,950.00	5.859			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	4.518			
2012B RWS TRANS IMPRVMT BONDS-COST OF ISSUANCE FUND				0.010	13,889.82	0.086			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.000	187,625.00	1.156			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	11,296.52	0.070			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.160			
RECYCLE WATER PROJECT 2007A-MMF				0.000	683.68	0.004			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	213,478.13	1.315			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	6.55				
RWC ONE MARINA 2011 RESERVE FUND				0.040	513,478.58	3.163			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.000	42,150.00	0.260			
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.870	551,278.40	3.396			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.010	618.09	0.004			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	12,434.78	0.077			
RWC PFA WATER REVENUE REFUNDING BONDS SERIES 2013				0.030	20,681.08	0.127			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			06-19-17	0.625	2,000,000.00	12.322			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				1.750	63,034.38	0.388			
TRAFFIC IMPACT FUND - CUSIP 3134G4UP1			05-27-16	0.600	4,300,000.00	26.491			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,096,505.22	12.916			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
2007 WATER REV BONDS - LAIF				0.460	1,268,476.81	7.815			
Total with Fiscal Agents					16,231,708.36	100.0			
TOTAL BOTH PORTFOLIOS					177,103,934.58				

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* Difference in value between Principal Amount and Market Value may be due to timing of purchase. Some of these investments may have been purchased when interest rates were low. Principal amount also indicates PAR (face) value and does not reflect whether investment was purchased at a discount or premium. As interest rates increase or decrease the value of the investment will decrease or increase accordingly. The City's investment intention is to hold the investments to maturity thereby receiving PAR value at maturity unless the City will realize a profit by liquidating the investment prior to maturity date.

(1) Denotes investments with a maturity greater than one (1) year.

(2) Market value obtained from the Principal Portfolio statement issued by Union Bank of California, Redwood City's third party administrator.

Investment Policy - Maturity of Investments Guidelines

As of 28 FEB 2014:

\$54,000,000.00 securities
\$95,000.00 cds
\$106,777,226.22 liquids

\$160,872,226.22 securities & liquid = "idle funds"

\$95,000.00 cds
\$106,777,226.22 liquids
3,000,030.00 FFC
1,300,078.00 FNMA
1,700,289.00 FNMA
3,004,980.00 FNMA
3,000,060.00 FFC
3,000,060.00 FFC
3,000,060.00 FFC
3,002,730.00 FNMA
3,011,130.00 FHLB
3,001,320.00 FHLMC
3,002,670.00 FHLB
3,002,670.00 FHLB
3,003,540.00 FHLB
3,003,420.00 FHLB

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3,004,140.00	FHLB								

\$148,909,403.22	Total investments that can be sold at face value in emergency								

The following summarizes the City's investment policy liquidity and maturity requirements based on current surplus funds and the City's actual current standing:

- Policy:
- 1 Approximately 50% of idle funds will be placed in investments that can be sold at face value in event of emergency (liquid investments plus securities with market value at least equal to par value)
 - 2 Not more than 50% of idle funds shall be invested for more than one year (based on market value, maturity greater than one year)
 - 3 Not more than 25% of idle funds shall be invested for more than two years (based on market value, maturity greater than two years)

28 FEB 2014 result:	Policy Requirements Based on Current Investments	Actual Investments
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1	\$80,388,613.11	\$148,909,403.22
2	\$80,388,613.11	\$48,031,140.00
3	\$40,194,306.56	\$36,025,980.00